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SUBJECT: BALTIC SEA STRATEGY: A PRIORITY FOR SWEDISH EU  
PRESIDENCY

¶1. (SBU) Summary: The Baltic Sea Strategy, a Swedish initiative that is one of its EU Presidency priorities, is a regional approach to deeper integration of environmental, economic, energy/transport, and security regulations and practices among the eight EU member states that surround the Baltic Sea. The project will neither allocate additional funding nor add new institutions to the region, but will focus on better using existing resources by coordinating projects and the implementation of EU directives. Russia remains outside the strategy, though negotiations on regional issues will continue with Russia through the Northern Dimension and between Russia and individual Member States. Comment: In the Swedish view, improving the economic stability and energy independence of the three former Soviet Baltic republics enhances its buffer against Russia. End Comment and Summary.

EU Presidency Priority  
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¶2. (U) The Swedish government has highlighted the Baltic Sea Strategy (BSS) as one of its priorities for Sweden's upcoming EU presidency. This is a regional approach to deeper integration among the eight Member States that border the Baltic Sea (Denmark, Sweden, Finland, Estonia, Latvia, Lithuania, Poland, and Germany), which collectively comprise over one-quarter of the EU's population. It differs from the Union for the Mediterranean in that it only includes EU member states. The strategy aims to look at development and integration of the region as a whole rather than focusing on the individual member states. During a "Swedish Presidency 2009" seminar held on May 28-29 by the Swedish Institute of International Affairs and the Swedish Institute for European Policy Studies, Adrian Solitander, DG Regional Policy of the European Commission, said that this is a pilot case for possible future regional approaches, such as the Danube.

¶3. (U) The original initiative for the Baltic Sea Strategy came from Member States themselves and the European Parliament. The Commission drafted a proposal on this topic and presented its action plan on June 10, and in its June 18-19 meeting, the European Council endorsed it. There will be a Ministerial Conference on the Baltic Sea Strategy in Stockholm on September 17-18. The Swedish government hopes that consensus on a final plan will be reached at the European Council meeting in October.

¶4. (U) The BSS is one of the few declared Swedish EU Presidency priorities in which Swedish efforts alone could lead to concrete deliverables. Therefore, a concerted push on the BSS is likely during the Presidency. One challenge is to market the Baltic Sea Strategy to the EU as a whole, while mollifying Russia, the ninth country bordering the Baltic. Rikard Bengtsson of Lund University suggested at the May 28-29 seminar that framing the Baltic Sea Strategy in terms of its environmental rather than economic aspects would make non-Baltic member states more receptive; the EU appears to be marketing the strategy this way.

## Basic Strategy

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15. (U) The strategy advocates pooling resources and advancing cooperation by coordinating implementation of EU directives in the areas of environment, transportation, and trade. The BSS does not require such cooperation, but offers cooperation as a multiplier for allocated funds and creation of policy. Even though the plan does not call for capital infusion to the region, there is hope that coordination under BSS will lead to greater effectiveness of existing EU support funds, some 50 billion euros from structural funds allocated to the region between 2007 and 2013 in 80 different projects.

## Environmental Cooperation

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16. (U) The eight nations will also work more closely on maritime and environmental issues, such as eutrophication, overfishing, and algal blooms. These are critical to the region since the Baltic Sea is a shallow inland water system with limited circulation, which makes pollution a bigger issue than in other bodies of water. Experts say that if a major oil spill occurred here, it would take over 20 years for the water to replenish itself. Some environmental projects include phasing out phosphates in detergents, creating more effective fishing controls, and reducing the negative effects of fertilizers. Each Member State has been put in charge of several of these associated projects; for example, Sweden will take the lead on decontaminating ship wrecks and nuclear weapons on the Baltic Sea floor.

## Economic Cooperation

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17. (U) The Swedish government, as stated in its June 23 "Work Programme for the Swedish Presidency," hopes that the Baltic Sea Strategy will help members of the region work together to meet the challenges of the financial crisis, which has deeply impacted these countries. Economic cooperation in the region will include drafting similar legislation to implement EU directives that deal with internal market issues as well as several concrete projects to develop energy markets, infrastructure, and transport systems, including the construction of a new railway from Warsaw to Tallinn. Other economic projects include creating larger joint initiatives in the areas of research, innovation, and entrepreneurship; working with small businesses; removing trade barriers; and increasing investments in IT and electronic communication.

## Security Cooperation

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18. (U) Security coordination will focus on cooperation to prevent cross-border crime, with a special emphasis on human trafficking and organized crime. The BSS aims to create a coordinated maritime surveillance system, which will provide for monitoring and joint surveillance of the Baltic as well as information and intelligence sharing between the BSS states. The BSS would seem to entail only "soft" security cooperation rather than military-to-military cooperation, and MOD officials have told us there is no specific mil-mil cooperation envisioned under the BSS. They add, however, that the type of common sea operating picture called for under the BSS would be an extremely important for their defense planning.

## No Real Role for Russia

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19. (U) The Baltic Sea Strategy does not include a direct role for Russia. According to presenters at the May 28-29

seminar, Russia is skeptical of the BSS and Sweden will be pressed to develop the BSS without raising Russian suspicions, especially on the sensitive issue of energy. Negotiations with Russia on regional issues will still take place through the Northern Dimension, the EU's program for coordinating on regional issues with non-EU member states Norway, Iceland, and Russia. The BSS is not meant to replace this, though DG Solitander stated that this strategy may encourage a more flexible approach among Member States in dealing with Russia in regional issues where a clear EU-Russia partnership does not yet exist, such as integration of maritime surveillance in the Baltic.

Comment

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¶10. (SBU) The BSS is the latest in a number of public and private fora geared at enhancing cooperation among the Baltic Sea states since the end of the Cold War. Like earlier initiatives - and extensive bilateral cooperation between the Nordics, and their formerly communist neighbors - the BSS is aimed at deepening the integration of Estonia, Latvia, and Lithuania into the west and reducing the amount of leverage that Russia can exert over them. In the Swedish view, improving the economic stability and energy independence of the three former Soviet republics enhances its buffer against Russia, Stockholm's traditional if often unenunciated threat. Defense Minister Sten Tolgfors publicly highlighted the Baltic dimension of Sweden's new defense policy in his 3 July speech, stressing the need for joint maritime surveillance to guard against environmental and military threats. Sweden and the other Nordic countries, whose banks have considerable investments in the three Baltic states, will also gain directly from economic improvement there and from environmental initiatives that are popular with publics fed up with swimming among algal mats.

¶11. (SBU) Comment Continued: Given Sweden's small size and the many external factors that could scuttle its other headline EU presidency goals -- procuring global agreement on climate change and ameliorating the effects of the financial crisis -- we expect Stockholm to work quietly but steadily on getting the BSS off the ground. In Stockholm the strategy is coordinated by the deputy minister for European Affairs, but lobbying by Swedes in Brussels will be key to ensuring continued EU support for the initiative, perhaps laying the groundwork for its extension to other regions. Creating other EU-only zones of cooperation may also work to assuage possible Russian fears of western collusion against Moscow.  
SILVERMAN